

## Idaho's Fringe Benefit Survey Findings Summarized

Idaho employers appear to have scaled back offering basic fringe benefit packages to full-time employees over the last three years, according to the Idaho Commerce & Labor 2005 Idaho Employee Benefits Survey.

The survey found that three-quarters of employees offered some form of medical coverage and paid vacation to their full-time employees and two-thirds provided paid holidays and some kind of retirement plan.

That varied from findings in the agency's 2002 survey, taken as the economic slowdown caused by the national recession began putting the squeeze on most Idaho businesses. In that survey, 92 percent of employers reported providing full-time workers paid vacations, 81 percent medical coverage and 87 percent paid holidays. Retirement plans were offered by about the same percentage of employers in both surveys—nearly two out of three.

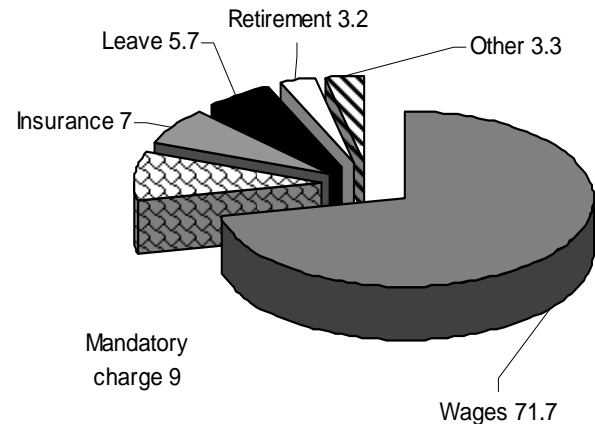
The survey assessed the types and frequency of benefits Idaho employers offered their workers. The information gathered from nearly 2,200 randomly selected employers throughout Idaho was analyzed to identify differences in benefit packages based on employer size, public or private ownership, industry, geographic region and rural-urban location. This information can be important to employees and employers alike since benefits can account for a significant portion of overall employee compensation.

In mid-2005, the U.S Bureau of Labor Statistics issued a report estimating that more than 19 percent of the average cost of employee compensation in the Intermountain West was spent on benefits like insurance, paid time off and education reimbursement. Another 9 percent went to mandatory items like Social Security and Unemployment Insurance taxes. The rest was paid in wages.

While business size, ownership, industry and rural-urban location produced significant disparity in the frequency of benefits offered in Idaho, there was little difference among employers based on their regional location.

The only significant differences were found in dental coverage and sick leave. Full-time employers in the southwestern and southeastern corners of the state were more likely to offer dental coverage than those in south central Idaho, and over half the employers in the central parts of Idaho offered paid sick leave while just under half provided the benefit in northern Idaho and about

FYI Chart 1: Allocation of Compensation Dollar



four of 10 provided it in the east central part of the state.

In addition to dental coverage and sick leave, benefits examined for Idaho were insurance coverage for health, vision, life and short- and long-term disability; paid leave including vacation and holidays; retirement plans and special compensation in the form of financial assistance for education, nonproduction bonuses, flexible spending accounts and child care.

FYI Table 1: Percent of Employers Offering Benefits

Benefit	Full-Time	Part-Time
<b>Insurance</b>		
Medical	74.4	19.1
Dental	61.2	15.4
Vision	42.2	11.4
Life	52.3	13.8
Short-Term Disability	31.5	9
Long-Term Disability	32.2	8.8
<b>Leave</b>		
Paid Vacation	75.4	25
Paid Sick Days	50.3	15.8
Paid Holidays	68.9	25
<b>Other</b>		
Retirement	63.8	28.1
Child Care	5.9	3.5
Nonproduction Bonuses	32.9	18.9
Education Incentives	32.7	13.3
Flexible Accounts	36.6	15.5

Source: 2005 Idaho Fringe Benefit Survey.

Insurance claimed the biggest percentage of money allocated to benefits, and almost all of it went to health care. The survey found three of every four employers offered medical insurance to their full-time employees, and almost all of them—90 percent—provided plans with family coverage available.

That translated into about 62 percent of all employees being offered medical insurance of some type through their work, and four of every five of them took advantage of the offer.

Half of the employers offering coverage paid the entire premium for full-time workers, and a third covered the cost for family coverage.

Access and participation in Idaho were below the national rate of 70 percent of workers with access to medical insurance through their employers and over two-thirds of them participating in those medical plans.

The Census Bureau's most recent projections estimated that in 2004, 17.3 percent of Idaho's residents—about 240,000—did not have medical coverage, the 10th highest rate in the nation.

Overall, the employer response to the 2005 survey essentially confirmed what the labor force across Idaho well knows—the bigger the company, the more urban the location and the more skilled the job, the better and more extensive the benefit package.

The federal estimate of benefit costs reinforced the findings. Employers with fewer than 50 workers, who account for 80 percent of Idaho's employers and provide nearly half the state's jobs, devoted 16 percent of their compensation costs to benefits nationwide. By contrast,

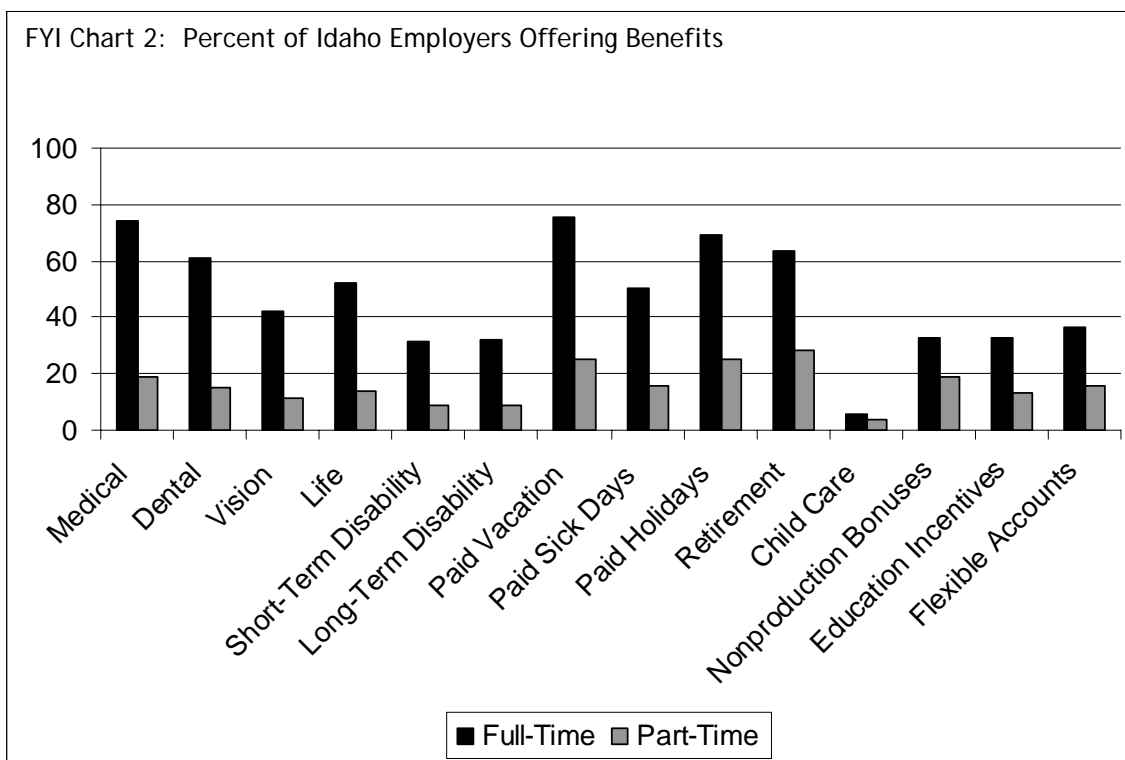
employers with over 100 workers, who make up just 1.5 percent of Idaho employers but generate more than a third of the jobs, earmarked 23.5 percent of their compensation costs for benefits.

Within that framework, full-time employment was the key to benefits. Full-time employees were much more likely to be offered benefits than part-timers. Job status was the primary determinant for benefit access so information in the agency's full report covers employer offerings to both full-time and part-time employees.

Business size clearly affected compensation beyond the basic paycheck. In most cases, large employers offered benefits to full- and part-time employees more often than mid-sized employers, who offered benefits to employees more often than small businesses.

The role of geography was from the rural-urban perspective. City employers tended to more frequently offer insurance coverage of all types but not by any dramatic margins. There was only a slight edge for urban businesses on paid vacation and holidays but none on sick leave. Urban employers were slightly more likely to offer education incentives and flexible spending accounts than their rural counterparts. But there was again no statistical difference in the percentage of urban and rural employers offering retirement plans, child care and nonproduction bonuses.

For purposes of the survey, there are seven urban counties—Ada, Bannock, Bonneville, Canyon, Kootenai, Nez Perce and Twin Falls. The remaining 37 counties are considered rural although several have substantial commuting traffic into urban counties.



Across industry, benefits seemed most closely tied to employee attachment. Sectors such as manufacturing, finance, insurance and public administration have strong employee attachment by requiring specialized skills or vocational training and offered better benefit packages than sectors with comparatively high turnover like entertainment and recreation, accommodations and food service.

Pay is a significant factor. As Maslow's Hierarchy of Needs indicates, the foremost goal of employment is generating enough cash through pay to provide essentials—food, clothing and shelter. Benefits would be secondary until paychecks reach a level to finance those essentials. At the next stage, the jobholder would begin looking for medical, dental and vision access. On reaching the third level, the employee could start planning for the future in terms of leisure in retirement and job enhancement or growth.

The Bureau of Labor Statistics report showed that nearly 72 cents of the compensation dollar spent in the Intermountain West went to wages. Only businesses on the eastern seaboard from Delaware to Florida and the central part of the country from the Dakotas and Minnesota down to Texas and Louisiana spent more of their compensation dollar in wages.

Four industries providing 30 percent of Idaho's jobs—wholesale trade, leisure, managers of corporate holding companies and health and social services—paid median wages below \$10.35 an hour last year. The median wage for all employment was \$12.58 an hour.

The data could be distorted by the level of unionization in an industry, particularly construction, mining and retail trade. Employers may say they provide no benefits when those benefits are provided by the union. Even though the employer foots the bill, the union administers the benefit plans. Industries known to have a union presence in Idaho are mining, construction and retail trade.

State and local government, viewed as an industry, provided better benefit packages in general than private employers.

*A complete version of the Idaho Commerce & Labor fringe benefits survey findings will be available online at [cl.idaho.gov](http://cl.idaho.gov) in the first quarter of 2006.*

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## Southwestern Idaho News — (continued from page 14)

- A San Francisco company that leases freight locomotives, Helm Financial, recently contracted with Boise's MotivePower for complete overhauls on 70 of its locomotives. In addition, New York-based Metro-North Commuter Railroad has also contracted with MotivePower to overhaul seven of its locomotives.

### Valley County

- A November 2004 voter-approved local tax on hotel rooms in McCall has raised nearly \$188,000 in the first nine months of 2005. This was more than double what the city of McCall was expecting to collect for the entire year. The two months that collected the most tax were July and August followed closely by September. April and May were the slowest months for lodging in McCall.

### Adams County

- Brundage Mountain Ski Resort opened over Veteran's Day weekend and has been open on weekends ever since. Brundage reported as much snow on Veteran's Day as it had in the middle of December 2004. The Veteran's Day opening was the earliest for the resort since it was built 44 years ago.
- Siemens Corp. is currently conducting a feasibility study for a cogeneration plant burning small diame-

ter wood chips in Adams County. The Payette National Forest has contributed \$15,000 to the study, citing the need to dispose of small diameter timber harvested in thinning projects. Siemens and the Southwest Idaho Resource Committee are also contributing money for the study.

### Elmore County

- The Mountain Home City Council has created an urban renewal district, an urban renewal agency and appointed commissioners to oversee the district and agency. Creation of the district was part of the agreement that got Marathon Cheese to locate a plant in the county. The new district will include Scott Industrial Park where Marathon will be located. Also included are Optimist Park and most of the downtown business district. Any activity conducted by the urban renewal agency must first be approved by the city council.

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